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TO RUEHC/SECSTATE WASHDC 1183
INFO RUEHBO/AMEMBASSY BOGOTA 1662
RUEHBR/AMEMBASSY BRASILIA 3540
RUEHBU/AMEMBASSY BUENOS AIRES 0162
RUEHCV/AMEMBASSY CARACAS 1317
RUEHGT/AMEMBASSY GUATEMALA 0312
RUEHPE/AMEMBASSY LIMA 4979
RUEHME/AMEMBASSY MEXICO 1127
RUCPDO/DEPT OF COMMERCE WASHDC

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TAGS: [ECON](#) [EINV](#) [ETRD](#) [PGOV](#) [PREL](#)
SUBJECT: AMBASSADOR ASKS CHILE TO TUNE IN ON U.S. HDTV,
HIGHLIGHTS U.S.-CHILE COOPERATION

REF: SANTIAGO 417

Classified By: Ambassador Craig Kelly for reasons 1.5 (b and d).

¶1. (U) On March 19, the Ambassador called on Minister Ricardo Lagos Weber, the presidential spokesman and member of the Bachelet administration's small political policy-making group, to advocate on behalf of ATSC, the U.S.-developed version of High Definition TV (HDTV). The Ambassador was accompanied by E/POL Counselor and Senior Econoff. Lagos Weber was joined by a staff member.

Better (and Cheaper) May Not Win Out

¶2. (SBU) The Ambassador stressed that the U.S.-backed system is superior to competing European and Japanese versions in several ways. The ATSC is a "simpler system" favored by Chilean industry for its ease of manufacture and distribution. It is more accessible to a wider audience, as it will be marketed at a price within the reach of low-income segments of society. The technology found within the adapter box is also more flexible than the European versions; as HDTV evolves, the box will still be compatible with next generation technology. As the European system changes, users will have to purchase new adaptor boxes.

¶4. (SBU) Lagos Weber replied that he "wanted to be frank." President Bachelet had the previous week publicly discussed the competing systems. The Ministry of Telecommunications has heard from interested parties and the government is certainly familiar with the arguments in favor of the American system, including that it may be more accessible to low-income households. Nonetheless, he would be sure to pass along to the appropriate authorities the Ambassador's points. (Post Note: Neither Bachelet in her public comments nor Lagos Weber in this meeting have clearly stated that a decision has been taken in favor of the European system. But the writing appears on the wall. End Note.)

Transantiago a More Immediate Concern

¶3. (C) The difficulties surrounding the introduction of Santiago's new mass transportation system (reftel) were clearly weighing on Lagos Weber. "It's a serious problem and politically delicate." Service is poor, especially at night

and in the city's peripheral neighborhoods. There is too much time between buses, because there are not enough of them on the streets. Lagos Weber said finding a solution was not easy because contractual obligations with private bus companies tied the government's hands. "It's the problem of the day," he sighed.

U.S. Not Adding to Problems

14. (C) Shifting gears, he noted that the March 12-13 U.S.-Chile pol-mil consultations in Washington had been very positive. Chile's announcement that it would join the Proliferation Security Initiative (PSI) was very welcome news, as was its planned involvement in peacekeeping training. The Ambassador highlighted the 154 percent increase in U.S.-Chile trade since the implementation of the FTA. While American direct investment in Chile was down, he had just come out of a meeting with Nicolas Eyzaguirre, former finance minister and now head of Chile's Council for Innovation (septel). The Ambassador had stressed that the U.S. wanted to work with Chile to increase its competitiveness and attractiveness to foreign investors. Even on issues such as Chile's poor IPR record, it was our intent to work quietly to resolve disputes.

Bachelet in Guatemala and Mexico

15. (C) Lagos Weber described Bachelet's visit to Guatemala as a fence-repairing stop, given Chile's decision not to support Guatemala in last year's UNSC election. There would also be agreements signed on police cooperation and, more at

Guatemala's insistence than because of significant trade flows, negotiations begun on a Chile-Guatemala FTA. The stop in Mexico was "much more significant." The President would push her Mexican counterpart to focus Mexico's attention southward. "This was important to Latin integration," and is an important signal Bachelet wants to send to President Calderon. Chile had worked closely with Mexico and former president Fox in the search for a compromise candidate during the UNSC vote, and wants to continue that type of collaboration with Calderon.

16. (C) The Ambassador replied that the U.S. was very much in favor of Chile reaching out and taking a leadership role in the region. The U.S. was not interested in promoting "blocs" nor in confrontation with Chavez. But the U.S. did want to see Chile's success emulated in the region. FM Foxley had stressed the importance of U.S. FTAs with Peru and Colombia. Lagos Weber observed that such agreements would be critical to keeping both countries "locked in" on a path of development and hemispheric integration. The Ambassador noted that the U.S. would continue to stress the positive vis-a-vis what it was doing in the region, including promoting English language training. "We'll keep a discreet profile, seeking win-win opportunities."

KELLY